

MONTANA BOARD OF HOUSING

301 S Park Ave., Room 228

Helena MT 59601

January 16, 2007

ROLL CALL OF BOARD

MEMBERS: Bob Thomas, Chairman (Present)
Judy Glendenning, Vice Chairman (Present)
J.P. Crowley, Secretary (Present)
Susan Moyer (Present)
Audrey Black Eagle (Absent)
Jeff Rupp (Present)
Betsy Scanlin (Present)

STAFF: Bruce Brensdal, Executive Director
Mat Rude, Multifamily Program Manager
Gerald Watne, Multifamily Program Officer
Chuck Nemec, Accounting & Finance Manager
Vicki Bauer, Assistant Accounting & Finance Manager
Nancy Leifer, Homeownership Program Manager
Charles Brown, Homeownership Program Officer
Jeannene Maas, Training & Development Specialist
Justin Schedel, Multifamily Program Specialist
Penny Cope, Multifamily Program Specialist
Shane Clayton, student intern
Diana Hall, Administrative Assistant

COUNSEL: Pat Melby, Luxan and Murfitt

OTHERS: Gordon Hoven, Piper Jaffray
Karl Zwick, George K. Baum, & Co.
Karen Nebel, Montana Homeownership Network
Betsy Hands, homeWord

CALL MEETING TO ORDER

Chairman Bob Thomas called the meeting to order at 8:30 a.m.

APPROVAL OF MINUTES

Betsy moved to approve the December 14 Board meeting minutes after they were corrected to attribute comments to the appropriate people. J P Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

INTRODUCTIONS AND PUBLIC COMMENTS

The Chairman asked the Board, staff, and guests to introduce themselves and asked for any public comments. Bruce said Anna Whiting Sorrell of the Governor's office wanted to be here to participate and be available and assure you that the Governor's office is interested in the Board of Housing, but she had a death in the family.

FINANCE PROGRAM

Chuck Nemec said they successfully completed the December debt service and refunding. He presented the quarterly investment and diversification & yield report as of December 1st. He also gave the individual securities listing and maturity report. The Board discussed having a better sense of expenses and how much is brought in to the various pots of funds.

MULTIFAMILY PROGRAM

Mat Rude informed the Board that the deadline for the 2007 Low-Income Housing Tax Credits is in February 2nd. He said \$2,275,000 is allocated each year for Tax Credits for small population states. The maximum any one developer can apply for is 25% of that amount. The Board discussed the ranking criteria.

There was a Reverse Annuity Mortgage (RAM) exception to the \$30,000 Lump Sum to pay off the current mortgage. Judy move to accept the RAM exception. J. P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

HOMEOWNERSHIP PROGRAM

Nancy Leifer showed a DVD on Mobile Home Co-operatives in New Hampshire. She also handed out an article from the Missoulian on a project that Montana Board of Housing helped finance.

MBOH loan volume has dropped off in the last month or so and rates have been hovering around 6% locally. Therefore, staff recommended lowering the rate to 5¾ for the regular program and to 5.¼% for the setaside programs after the bond sale confirms the cost of funds this week.

Nancy reported that 148 loans are committed for approximately \$16 million in the Bridge Program in anticipation of the next bond issue. About 69 loans have been purchase for \$4.3 million, so approximately \$20 million of the proceeds from the next bond issue have been reserved. The bond schedule includes a conference call at 1 PM to find out about in-state sales. The market rate is estimated to be around 4.5% to 4.6%. Another conference call will take place on January 18th at 9 AM to discuss the bond sale and award bonds.

Jeannene Maas has been working on a database to get statistics on the mix of stick built and manufactured housing and determine if the foreclosure rates are higher on manufactured housing. Nationally, mobile homes are riskier and insurance companies want to charge more for mortgage

insurance. MBOH data shows that our foreclosure rate is slightly lower on the manufactured homes. The quarterly delinquency report shows that MBOH is well below the state, mountain region, and nation in percentage of delinquencies. The Board gave compliments to homebuyer education, the lenders, and staff. Doug Jensen explained the REO report with a detailed gain/loss report.

The Montana Homeownership Network proposed to have MBOH provide \$55,000 to be used to fill in the reduction of HUD grants for homebuyer education and counseling with \$40,000 to go towards homeWord of Missoula and \$15,000 to the HRDC of Billings. Jeff Rupp moved to provide \$55,000 to Montana Homeownership Network for homebuyer education for homeWord of Missoula and the HRDC of Billings. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

An idea of increasing the income limits for extended family households was presented. Nancy offered some guidelines based on HUD figures for additional members of households for setaside programs. The definition of an extended family would need to be established. The Board was willing to pursue the concept.

The Red Lodge Gap financing project was introduced. Betsy Scanlin said she has been advised that she will abstain from voting but will join in the discussion. Pat said she can participate as a member of the Red Lodge City Council according to Section 2-2-1, 2 & 1 MCA subsection 4 that provides a specific exception for members of City Council. Nancy handed out the preliminary proposed action for homeowner acquisition of the Mountain View Trailer Park in Red Lodge, which was presented to the City Council in Red Lodge. The parcel includes commercial property along the Highway as well as land behind. This proposal is for MBOH to give a loan for the purchase of an option to purchase this park after the owner has held the park for 1 year for tax purposes. The option purchase price of the property will be \$825,000 for the mobile home portion a year from now. The cost of the option to purchase is proposed as \$25,000 up front and an amount of \$3,422.79 per month until the option is satisfied and the property is purchased. The final goal is a co-operative park owned by the residents and having the financing available to be able to continue carrying the debt. Betsy said there are 28 trailer homes and 23 have signed articles of incorporation and are excited to support the project. There is also support shown by MBOH, Rural Community Assistance Corporation, HRDC VII in Billings, City of Red Lodge, and Montana Homeownership Network. Pat Melby said there are 2 possible legal issues. There are two loans involved; one is a temporary loan and then also a long-term loan mortgage loan under MBOH enabling legislation. The first loan would be made under 90-6-108 MCA and that would be a temporary loan in anticipation of permanent mortgage loans through the housing sponsors. The second issue is that MBOH intends to provide an interest-bearing mortgage loan for the purchase of the park 1 year from now. Nancy said MBOH would do the first project as a pilot model and later, commercial lenders will probably step in and do loans like this. Later in this project, loans would be made individually to the homeowners because they will have a long-term lease, which qualifies them for financing and converts their property from personal to long-term real estate property. Jeff Rupp said he prefers having a pilot program and not relying on grants. Betsy responded the project would not work without grant funding because of the overwhelming majority are low income. Jeff moved to authorize the board to loan the funds to purchase the buy-sell in front of us for the Red Lodge parcel for \$25,000 down and 3,244.79 per month for 13 months. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Susan Moyer moved that MBOH will do a permanent mortgage contingent upon the award of HOME and CDBG funding and/or other financing. J. P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed

unanimously. Jeff encouraged receiving information ahead of time so he can process it before making a decision.

EXECUTIVE DIRECTOR

Bruce Brensdal reported on Legislative issues. He said the manufactured housing renovation program, which was a part of the department's budget for \$3 million was approved through subcommittee, but that is only the beginning. The Housing Montana Fund legislation is moving forward. Bruce listed other bills of interest to housing. He gave Board members the guidance for appointed members within the Executive branch of Montana State Government. Bruce gave a website to track a preference list of bills.

The Legislative Conference will be in Washington DC from March 4-7. Betsy and J. P are interested in attending the conference. The Land Trust Workshop is February 7-8 in Helena.

Bruce said the marketing position closes today. He also reminded the Board of the conference call this afternoon at 1 PM and on the 18th at 9AM. A draft of the review criteria for the co-managers team review was offered for the Board to give their input. Bruce also gave an update on Private Activity Volume Cap carry forward.

The next meeting is scheduled for February 12 in Helena. Future meetings are tentatively scheduled for March 12, and April 4 in Helena. Meetings are also planned for May 7 and June 6.

The meeting adjourned at 12:20 p.m.

J. P. Crowley, Secretary

Date